

The international system responded with considerable strength and resilience to the strains placed upon it during the year 1977. Regional conflicts were largely contained, nuclear proliferation was prevented through international co-operation, new attention was focused on fundamental questions of human rights, and some results were achieved on important global economic problems. A structure of interdependence could be discerned, uncertain and vulnerable, that gave some promise of coping with complex future demands. New multilateral instruments were tested, while traditional institutions assumed fresh tasks. Dramatic initiatives were taken on seemingly intractable problems in the Middle East and Southern Africa.

But not all trends were encouraging. East-West and North-South tensions remained unresolved and new local conflicts appeared in Africa and Asia, sometimes engaging outside powers to a disturbing degree. Although the armed peace survived another year, tensions between the super-powers in the military and strategic spheres continued, with unfortunate effects on the international climate for the handling of a wide range of issues. Significant progress on disarmament still appeared difficult to achieve. Hopes for full consensus in critical areas of international economic relations were disappointed. The industrialized countries continued to experience "stagflation" and other economic difficulties, while the developing countries expressed justifiable dissatisfaction with the international economic order.

In retrospect, the balance-sheet for 1977 might be considered roughly even, with future opportunities and potential constraints perhaps more sharply defined than before. Management of interdependence emerged as the fundamental issue on the global agenda for ensuing years.

In this international context, Canada strove throughout 1977 to surmount global difficulties and pursue national interests and ideals within the world community. Canada's international impact at the highest level was evident at the London "economic summit", the

Commonwealth heads-of-government meeting, and the NATO "summit", as well as in its membership in the United Nations Security Council and its co-chairmanship of the Conference on International Economic Co-operation (CIEC). Visits abroad by the Prime Minister, the Secretary of State for External Affairs and other ministers strengthened Canada's bilateral ties with a number of countries. While its means and resources for influencing events and issues abroad are limited, a review of some of Canada's most active areas of interest during 1977 emphasizes this country's continuing commitment to a peaceful and prosperous international community.

## **International economic relations**

The economic problems that have troubled the world system over the past few years strengthened the need for co-ordination of economic policy at the political and technical levels among the major industrialized countries. Canada was an active member of the "summit" group (with Britain, France, Germany, Italy, Japan and the U.S.A.), of the OECD, and of other key organizations designed to integrate and promote economic development of the West and the world community. Serious problems, including global growth with reduction of inflation, energy, trade, international monetary arrangements and relations between industrial and developing countries, continued to require attention. Of particular importance for Canada, and for the world trading system in general, were preparations for continuation of the Multilateral Trade Negotiations in Geneva early in 1978.

## **Canada-U.S. relations**

The management of Canada's extensive and complex ties with the United States was its most important bilateral priority in 1977. Agreements were successfully concluded on a transit pipeline treaty, on a northern gas pipeline, on St Lawrence Seaway tolls, and on co-operation in the peaceful uses of nuclear energy. Discussions and negotiations continued on maritime boundaries and on a number of transboundary environmental questions. These developments underline the current vitality and variety of Canada/United States relations.